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Message Text

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ACTION OES-02

INFO OCT-01 SS-14 ISO-00 EA-06 SSO-00 NSCE-00 EB-04
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DOEE-00 L-01 TRSE-00 SP-02 /052 W
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FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 0451

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 14851

LIMDIS

E.O. 11652: GDS
TAGS: ENRG, TECH, TGEN, JA
SUBJECT: JAPANESE CONCERNS OVER PROPOSED INCREASE IN S&T COOPERATION

1. MOFA DIRGEN FOR S&T YATABE CALLED IN SCICOUNS ON URGENT BASIS AUG. 16 TO EXPRESS GOJ CONCERN THAT USG WAS MIS-INTERPRETING NATURE AND PHILOSOPHY OF FUKUDA INITIATIVE FOR EXPANDED S&T COOPERATION WITH U.S. HE SAID THAT SIMILAR STATEMENTS WERE TO BE MADE BY COUNSELOR FUJII IN WASHINGTON AT LUNCHEON WITH MR. HUBERMAN OF WHITE HOUSE OSTP AT ABOUT SAME TIME.

2. YATABE POINTED OUT THAT MOFA BEGAN TO BE CONCERNED ABOUT DIRECTION THAT USG THINKING WAS TAKING WHEN PRIORITY LIST OF PROJECTS WAS HANDED TO GOJ EMBASSY EARLY IN AUGUST. HEAVY EMPHASIS ON COAL TECHNOLOGY INVESTMENT, FOR EXAMPLE, WAS FIRST FORMAL INDICATION THAT COAL CONVERSION RANKED HIGH WITH U.S., SINCE SUBJECT WAS NOT MENTIONED BY PRESIDENT IN TALKS WITH PRIMIN OR IN SUBSEQUENT DISCUSSIONS. YATABE NOTED THAT PRIME MINISTER'S INTENTIONS, AS REFLECTED IN HIS DISCUSSION WITH PRESIDENT CARTER AND REITERATED IN HIS NEW YORK SPEECH, WERE TO
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INCREASE S&T COOPERATION WITH U.S. IN HIGH S&T AREAS LEADING TOWARD MAJOR ACCOMPLISHMENTS BY THE BEGINNING OF 21ST CENTURRY RATHER THAN FOR SHORTER TERM PROGRAMS WHICH COULD INVOLVE HEAVY INDUSTRIAL PARTICIPATION AND CONSEQUENT PROBLEMS WITH PATENTS, RETURN ON INVESTMENT, ETC. ALSO OF CONCERN WAS MOUNTING FEELING THAT MANY PEOPLE, INCLUDING SCIENTISTS AT U.S. LABORATORIES, HAD

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BEEN LED TO BELIEVE THAT JAPAN WAS PREPARED TO MAKE MAJOR UNILATERAL FINANCIAL INVESTMENT IN U.S. R&D PROGRAMS, WHEREAS FUKUDA ACTUALLY WAS THINKING OF A JOINT FUND WITH EQUAL U.S. AND JAPAN FINANCIAL CONTRIBUTIONS AND WITH MONEY TO BE SPENT IN EITHER COUNTRY ON THE BASIS OF TECHNICAL MERIT. AS SUCH, FUND WAS NOT TO BE CONSIDERED AS PARTIAL AND IMMEDIATE SOLUTION TO BALANCE OF TRADE ISSUE.

3. YATABE ASKED SCICOUNS TO RELATE SUBSTANCE OF CONVERSATION LATTER HAD EARLIER IN DAY WITH MR. KATSUHIKO AZUMA, SENIOR COUNSELOR, INTERNATIONAL INVESTMENT DIVISION, BANK OF TOKYO. EMBOFF REPLIED THAT PROF. TAKAYAMA OF NAGOYA UNIVERSITY HAD ASKED THAT A MEETING WITH AZUMA DE ARRANGED AT LATTER'S REQUEST. AZUMA DESCRIBED HIS INTENSIVE ACTIVITIES BOTH IN JAPAN AND U.S. TO ESTABLISH A COOPERATIVE PROGRAM IN FUSION. CONTACTS IN U.S. HAD INCLUDED MOST SENIOR SCIENTISTS AND OFFICIALS CONCERNED WITH FUSION OR HIGH ENERGY PHYSICS. VISITS WERE MADE AT THE BEHEST OF CLOSE PERSONAL ACQUAINTANCE IN MITI AND PRIOR TO THE FUKUDA INITIATIVE, WITH THE IDEA IN MIND THAT JAPAN WOULD INVEST IN U.S. FUSION PROGRAM TO PROVIDE OFFSET FOR BALANCE OF TRADE. WHEN JAPANESE SCIENTISTS WERE TOLD LATER ABOUT THIS APPROACH BY AZUMA THEY WERE ENTHUSIASTIC ABOUT CONCEPT OF TECHNICAL COOPERATION BUT POINTED OUT THAT THEIR OWN CONFIDENTIAL

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PROGRAMS WERE SUFFERING FROM LACK OF FUNDS AND WERE IN FACT FINANCED AT MUCH LOWER LEVELS THAN COMPARABLE U.S. PROGRAMS; THEREFORE CONCEPT OF UNILATERAL INVESTMENT BY JAPAN IN U.S. WAS NOT ATTRACTIVE TO THEM. AS CONSEQUENCE HE CAME UP WITH IDEA THAT FUSION COOPERATION SHOULD PROCEED IN STAGES, WITH FIRST STEP BEING EXCHANGE OF SCIENTISTS BETWEEN LABORATORIES INVOLVING RELATIVELY MODEST FINANCIAL INVESTMENT; SECOND STEP WOULD BE TO FORM SCIENTIFIC COMMITTEE TO PLAN COOPERATIVE PROJECTS, BASED ON EXPERIENCE GAINED THROUGH EXCHANGE OF SCIENTISTS; THIRD STAGE WOULD BE FUNDING OF SELECTED COOPERATIVE PROJECTS. HIS PRINCIPAL CONTACT IN U.S. HAS BEEN PROF. JOHN DAWSON OF UCLA, WHO WAS BROUGHT TO JAPAN AT EXPENSE OF PRIME MINISTER'S OFFICE AND JAERI. DAWSON HAD LENGTHY MEETING WITH FUKUDA DURING WHICH ENTIRE SUBJECT OF FUSION COOPERATION WAS REVIEWED AND AT WHICH FUKUDA SAID HE HAD FIRM INTENTIONS OF PROCEEDING AND HOPED TO OBTAIN INITIAL FUNDING SOON (THROUGH SUPPLEMENTAL BUDGET TO BE CONSIDERED BY DIET LATER THIS YEAR OR IN REGULAR BUDGET WHICH GOES INTO EFFECT 4/1/79). AZUMA WAS FAMILIAR WITH USG PRIORITY LIST AND STATED OPINION THAT IT MIGHT BE NECESSARY FOR HIM TO GO TO U.S.

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AGAIN PRIOR TO FIRST S&T WORKING GROUP MEETING TO "CLARIFY"
JAPANESE INTENTIONS. SCICOUNS RECOMMENDED TO HIM THAT
BEFORE DOING SO HE SHOULD ESTABLISH CONTACT WITH MOFA AND
DETERMINE GOJ THINKING ABOUT COURSE OF FUKUDA INITIATIVE.
HE SPECIFICALLY MENTIONED THAT YATABE SHOULD BE APPROACHED.

4. YATABE RESPONDED THAT AZUMA HAD IN FACT CALLED ON HIM
AND THAT HIS INFORMATION WAS THE SAME AS THAT RELATED BY
SCICOUNS. HE SAID THAT HE HAD BEEN THINKING OF SENDING A

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C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 14851

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MOFA OFFICIAL TO WASHINGTON TO EXPLAIN JAPANESE RESERVA-
TIONS, BUT IF THIS WERE DONE IT WOULD HAVE TO BE HANDLED
ON AN EXTREMELY QUIET BASIS--WITHOUT THE KNOWLEDGE OF OTHER
GOJ AGENCIES. AS ALTERNATIVE, HE WAS CONSIDERING SENDING
AZUMA AS PRIVATE EMISSARY OF MOFA, BUT REALIZED THAT
AZUMA'S CLOSE RELATIONSHIP WITH MITI MIGHT COMPROMISE
SECRECY DESIRED. HIS CURRENT INTENTION, HE SAID, WAS TO
AWAIT OUTCOME OF GOJ EMBASSY'S APPROACH IN WASHINGTON
BEFORE DECIDING WHETHER A MOFA REPRESENTATIVE SHOULD PURSUE
THE MATTER FURTHER. YATABE CONCLUDED DISCUSSION BY ASKING
EMBOFF TO REPORT ON MEETING AS REINFORCEMENT FOR WASHINGTON
DEMARCHE SAME DAY.

5. COMMENT: WHAT WE THINK WE ARE OBSERVING IS A CON-
SIDERABLE AMOUNT OF INTERNAL DISSENSION WITHIN GOJ ON THE
WAY THAT THE FUKUDA INITIATIVE SHOULD BE IMPLEMENTED AND
IN FACT WHAT THE INITIATIVE MEANS TO THE JAPANESE THEM-
SELVES. IT IS POSSIBLE THAT MITI IS DEVISING ITS OWN WAY
OF HANDLING THE INITIATIVE, AND THERE IS GOOD REASON TO
BELIEVE THAT IT WOULD BE HAPPY TO WREST CONTROL OVER

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INTERNATIONAL FUSION COOPERATION FROM STA AND MOE. MITI
STRONG INTEREST IN COAL CONVERSION (SEE TOKYO 13767) IS AT
ODDS WITH MOFA STATEMENT TO EMBOFF. IT SHOULD BE CON-
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SIDERED IN LIGHT OF FACT THAT MITI IS RESPONSIBLE FOR COAL
CONVERSION R&D AND HAS BEEN RELATIVELY UNSUCCESSFUL IN
OBTAINING FUNDS FOR THIS PART OF MITI/AIST SUNSHINE
PROGRAM. USE OF FUKUDA INITIATIVE TO BEEF UP COAL CON-
VERSION PROGRAM WOULD BE AN ATTRACTIVE PATH FOR
MITI TO FOLLOW, EVEN IF INVESTMENT TOOK PLACE LARGELY IN
U.S.

6. YATABE'S RETICENCE TO BRING IN OTHER GOJ AGENCIES ON
EXPRESSION OF CONCERN INDICATES TO US THAT MOFA IS TRYING
TO RETAIN ITS ROLE AS MANAGER OF FUKUDA INITIATIVE. ONE
OF THE REASONS WHY YATABLE WAS APPOINTED DIRECTOR GENERAL
OF S AND T (BUT WITH NO STAFF) WAS TO ELEVATE HIS
HIERARCHAL POSITION IN DEALING WITH OTHER AGENCIES ON
FUKUDA INITIATIVE. WITH NUMBER OF END RUNS OCCURRING
THROUGH BOTH PRIVATE AND GOVERNMENT CHANNELS, MOFA WILL FIND
IT EXTREMELY DIFFICULT TO PULL THE STRINGS OR EVEN TO
KNOW WHERE THE STRINGS ARE. OUR OWN FEELING IS THAT MOFA
HAS ONE THING GOING FOR IT. WE DOUBT VERY MUCH
THAT GOJ (PARTICULARLY MINISTRY OF FINANCE) IS GOING TO
PUT ASIDE LARGE SUM OF MONEY TO BE SPENT EITHER IN U.S.
OR IN JAPAN WITHOUT CLEAR UNDERSTANDING OF HOW FUNDS ARE
TO BE EXPENDED AND FOR WHAT PURPOSE. FURTHERMORE, DIET
APPROVAL WILL BE ABSOLUTELY NECESSARY, AND CONSIDERING
THAT NO REAL NEGOTIATIONS HAVE BEEN HELD YET ON DETAILS OF
COOPERATION WITH U.S., WE ARE NOT SANGUINE ABOUT POSSI-
BILITY OF SUPQLEMENTAL BUDGET BEING ABLE TO ACCOMMODATE
MORE THAN SMALL INITIAL FINANCIAL CONTRIBUTION. THERE-
FORE, MOFA DESIRE TO PROCEED AS MANAGER OF COORDINATED
EFFORT, RATHER THAN LETTING EACH TECHNICAL AGENCY GO OFF
ON ITS OWN, IS SUPPORTED BY POLITICAL REALITIES OF
SITUATION.

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7. QUESTION OF WHETHER JAPANESE WILL OFFER FINANCIAL
ASSISTANCE TO USG ENERGY R&D (OR OTHER S&T) PROGRAMS, OR
WHETHER JOINT FUND IS PREREQUISITE, IS FUNDAMENTAL TO
HOW THIS EFFORT WILL PROCEED. WE BELIEVE IT WOULD BE
UNWISE TO CREATE FURTHER DISSENSION (IF DISSENSION
EXISTS) BY PURSUING MATTER WITH MITI, STA, OR MOE. IN

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TIME WE WILL BE TOLD WHAT THE OUTCOME IS, SINCE PRIME MINISTER HAS PUT HIS OWN STAMP ON A COOPERATIVE PROGRAM AND IT WILL BE NECESSARY FOR HIM TO INSURE THAT A CONSENSUS IS REACHED.

8. WE ARE AWARE THAT REPORT OF GOJ EMBASSY DISCUSSIONS IN WASHINGTON 8/16 IS IN PREPARATION AND WE LOOK FORWARD TO ITS RECEIPT WITH CONSIDERABLE EAGERNESS. END COMMENT. MANSFIELD

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